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GENERAL

1. Comment on Western European reaction to change in Soviet leaders:

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The initial reaction in Western European capitals to Malenkov's resignation has been confined largely to speculation about a continuing power struggle in the Soviet hierarchy. Most government spokesmen believe that Khrushchev's increased influence will lead to a more belligerent propaganda line in Soviet foreign policy, if not to a harder policy itself.

The British Foreign Office feels that if Khrushchev becomes "boss," the USSR will be under a leadership less intelligent, more emotional, and tougher than the "collective" under Malenkov. A hardening of internal Soviet policies is predicted. The admission that the Soviet leadership is not infallible is expected to have repercussions in the Satellites.

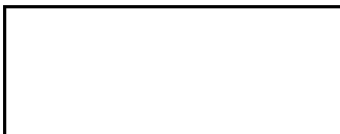
Italian premier Scelba believes that any crisis within the USSR throws further confusion into external Communist circles. He instructed his press chief to comment along the line: "The Russians have chosen guns, not butter."

A French Foreign Ministry spokesman called the change an "internal affair." Political party leaders who believed that talks with the USSR should be held before the Paris accords are ratified argue that the change in Soviet leaders makes such talks more urgent. Those politicians who have opposed talks before ratification continue to do so.

In West Germany as well as in other Western European countries, government leaders should be able to capitalize on what they view as a "tougher" Soviet line at the expense of their opponents who advocate a "soft" policy toward the USSR. Now, as at the time of the Korean outbreak, increased Communist belligerency may tend temporarily to stem talk about the likelihood of an early understanding with the Communists.

SOVIET UNION

2. Comment on Malenkov's new status:



The appointment of former premier G. M. Malenkov as minister of electric power stations and as a deputy chairman of the Council of Ministers

indicates that he retains, at least nominally, a position of considerable authority. There are also indications that he remains a member of the party presidium.

Malenkov's influence is probably very limited, however. His new assignment may be temporary in order to provide a decent interval before further demotion, and may have been made to allay fears of an immediate widespread purge.

Malenkov's responsibilities as a deputy chairman of the Council of Ministers are not clear. It is possible he will take over supervision of all three ministries now operating the electric power complex. M. G. Pervukhin, who is still a party presidium member and a deputy chairman of the Council of Ministers, has been responsible for this complex since Stalin's death. [redacted]

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3. Comment on Zhukov's appointment as Soviet defense minister:

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The appointment of the Soviet Union's most able military leader, Marshal Zhukov, as defense minister, underlines the importance the regime attaches to

increased military preparedness. This was also demonstrated in the rise in military allocations in the 1955 budget and the elevation of Bulganin, the previous defense minister, to chairman of the Council of Ministers.

Zhukov's appointment will strengthen popular confidence in the ruling group as a whole. The prestige of the officer corps, which had already risen since Stalin's death, will be further enhanced.

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Zhukov is reputed to have a realistic view of international power relationships. He will now be in a position to make professional military views known in strategic matters affecting Soviet government policy.

Although a party member since 1919, Zhukov has no known personal allegiances to individual political leaders. He has a history of impatience with outside interference in military matters, resulting in reported altercations with some top-level party and security chiefs.

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SOUTHEAST ASIA

4. Hostilities between Hoa Hao and Vietnamese troops said to be imminent:

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General Soai, a member of Diem's cabinet and the most influential of the Hoa Hao military leaders, told the American embassy in Saigon on 9 February that a "violent conflict" is imminent between the sect's forces and Vietnamese national army troops in southwestern Vietnam. Soai stated that deliberately provocative acts on the part of national army troops in the area controlled by the sect have so inflamed Hoa Hao forces that "some accidental spark" could set off open warfare. He also said he was planning to return to his troops to prepare them for conflict.

The embassy is convinced this is a real crisis that could even bring about the downfall of the Diem regime. An open battle at this time, in addition to publicly demonstrating the lack of unity within free Vietnam, would seriously affect the government's current efforts to reoccupy the southwestern territory, until lately held by the Viet Minh.

Comment: Hoa Hao forces number approximately 20,000, and the sect is reported to exercise control over an area with a population of nearly 1,000,000. General Soai has the personal allegiance of some 7,000 troops. Vietnamese army strength in southwestern Vietnam totals about 20,000 men.

The Hoa Hao, in common with the other sects, can be expected to oppose vigorously any government attempt to reduce its lucrative control over its domain. Most observers agree on the importance of solving the sects' problem in order to increase the government's stability, but thus far Diem's attempted solutions have stirred up additional dissension both within and between the sects. This dissatisfaction reportedly has already spread to the national army.

SOUTH ASIA

5. Comment on fall of government in south Indian state of Travancore-Cochin:

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The fall of the 11-month-old Praja Socialist government in Travancore-Cochin state on 8 February illustrates the political instability which plagues south India. Al-

though the government's defeat was engineered by the Congress Party, the Communists are probably the real gainers.

The Congress Party is too weak to govern the state effectively, and there is no evidence that it has enhanced its popularity since it fell from power in September 1953. The ineffectualness of the Praja Socialists while in power has discredited their party.

The Communists in both Travancore-Cochin and nearby Andhra, where critical state elections are scheduled to begin on 11 February, are thus enabled to substantiate their charge that it is futile for the land-hungry and underemployed south Indian voter to expect vigorous reform governments from either the Praja Socialists or the Congress Party. [redacted]

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NEAR EAST - AFRICA

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6. Anti-Western, leftist blocs seen entering next Syrian cabinet:



Ambassador Moose in Damascus, commenting on the resignation of Prime Minister Khuri on 7 February, states

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that two parliamentary blocs opposed to the proposed Iraqi-Turkish pact and "tainted with neutralism or anti-Westernism" will probably be represented in the next Syrian cabinet in a coalition with the conservative Nationalists. These blocs are a group of independents led by Khalid al Azm and the extreme Arab Socialist-Resurrectionist Party led by Akram Hawrani.

Comment: The entrance into the Syrian government of the Azm-Hawrani group, leftist and anti-Iraqi, would probably make it impossible for Iraq to persuade Syria to join the projected Middle East defense system, of which the proposed Iraqi-Turkish accord is the beginning. Syria's refusal to join would, in turn, probably block Lebanese and Jordanian participation, thus frustrating Iraqi hopes to lead an Arab bloc into the "northern tier" arrangement.